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PRIME MINISTER

SPEECH BY THE PRIME MINISTER, THE HON P J KEATING MP

**TOYOTA AUSTRALIA LINE-OFF CEREMONY
PORT MELBOURNE - 16 FEBRUARY 1993**

Obviously this is a great day for the Australian car industry. We are here because Toyota is here for the long haul.

It means jobs. Long-term good jobs for Australians.

It means another step has been taken in the development of world-class manufacturing in Australia. It means another step in the integration of our economy with the world's, and more especially with the region and Japan.

It means that the long relationship between Toyota and Australia continues to prosper and grow. This is good for us. Toyota is, without doubt, one of the great companies of the world. It is renowned for innovation, reliability and perfection.

Yesterday I spoke at the Best Practice and Benchmarking Conference in Sydney. It goes without saying that Toyota is a benchmark for any company in the world.

It is therefore automatically of great benefit to our manufacturing industry to have Toyota here and expanding.

Of course the outstanding advantage for Australia in the present economic climate is that Toyota's investment means long-term jobs for Australians.

Everyone here will be aware that it is my Government's great ambition to increase the level of investment in Australia.

It is the most effective remedy for unemployment, indeed the only answer to the entirely unacceptable levels of unemployment we presently have.

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That is why last Tuesday we announced that we will be cutting the company tax rate in Australia from 39 per cent to 33, to make us competitive not only with OECD economies but with the economies of the Asia Pacific.

It was for the same purpose that we introduced a new investment allowance.

We are determined to bring forward the \$130 billion worth of projects currently claiming the allowance granted in the One Nation statement of twelve months ago.

We are also determined to get *new* investment going, particularly among small companies of the kind surveyed in the recent McKinsey & Company Report to the Australian Manufacturing Council.

Small to medium sized companies characterised by dynamic leadership, innovation, attention to excellence, successful niche marketing and, no less, highly productive and skilled workplaces.

There is no-one in this country, I should think, who does not recognise that we are embarked on a course to become a successful, modern manufacturing nation.

I should think there is no-one who does not know that our way of life depends on it.

Equally, we know that our success in manufacturing and in exporting the things we design and make depends on new levels of productivity.

We will not succeed by employing old patterns of production.

High levels of productivity, by definition, means fewer people making more and better things.

It follows that the answer to unemployment is growth – a proliferation of manufacturing effort and expertise. The key to growth is investment.

I won't today go into the details of the investment strategy we launched last week. But I do want to talk about two broad related elements of Labor policy.

We take the view that Australia needs a car industry, and we believe that the car industry in Australia needs an incentive to invest.

Dare I say it might come as a surprise to my opponents to learn that we in Australia are not alone in the world in this.

We would be alone if we were to go to zero tariffs in the car industry.

We would be alone and without a car industry.

So let me say very plainly – *we are committed to a 15 per cent tariff for the Australian car industry.*

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16 Feb 93

We are also committed, you will know, to that mode of workplace bargaining known as enterprise agreements.

In this we also take a different view to the Coalition. But, surprisingly enough, I will not expound on this today.

I do not feel the need to proselytise because this project is built on a model enterprise agreement. An agreement signed in December 1991 with 6000 Toyota employees.

It's an agreement linked to obtaining international best practice, and delivering to the company and its employees mutual advantages unimaginable under the old workplace arrangements of Australian industry and Australian industrial relations.

Advantages, I venture to say, *unattainable* under any alternative scheme in which relationships are adversarial or unequal.

700 new enterprise agreements have been entered into in the past seven months.

They seem to me, like this one, clear evidence that we can achieve high levels of productivity, best practice, international benchmarks – in other words the world-class manufacturing industry we need – through enterprise agreements such as these.

As I said in the speech in Sydney yesterday, what is unfolding in Australia now is something like the realisation of a long-held ambition.

I remember fifteen years or so ago, coming to the conclusion that the prevailing wisdom about Australia was all wrong.

There was no need for us to always remain an exporter of commodities, with such manufacturing as we had crumbling away behind giant tariff walls.

It seemed to me then that we could become a world-class manufacturer. It seemed to me very soon after, that if we did not, we had no future. It seems to me now – in fact there is no doubt – that we *are* becoming a world-class manufacturer, and for that reason there is no doubt about our future.

I could say a great deal more about the subject, but this is a day for Toyota's management and workers to celebrate. There is doubtless much for Australians and particularly the people of Melbourne to celebrate as well.

For my part, and for John Button's I'm sure, there is some measure of satisfaction in having been involved in the creation of economic and industrial policy which has yielded such results as this.

We are determined to continue the great drive to make Australia competitive in the world and in the region.

We believe that the best way to do this is not by the imposition of a textbook blueprint or strict adherence to economic theory, but by a range of measures designed to take

account of factors unique to Australia, to various industries and their comparative advantages and disadvantages.

We want the most competitive industries it is possible to have.

But we are not prepared to have major industries disappear for the sake of some notion of what constitutes pure theory.

Economic policy is not a death or glory game. It requires a measure of subtlety, a recognition of differences, of the need for interventions.

We might begin by reminding ourselves at the outset that there is no competition where there is no industry at all.

And it doesn't hurt also to remember that in the end we want industry because we want secure, creative and rewarding employment for our people.

That is what this \$400 million investment by Toyota is creating.

That, and further recognition that Australia has the investment climate and the workforce to make it a place where the best companies in the world can thrive.

And those are reasons for all of us to celebrate today.